

LEGISLATURE OF NEBRASKA

NINETY-NINTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1208

Introduced by Raikes, 25; Baker, 44; D. Pederson, 42; Stuhr, 24

Read first time January 18, 2006

Committee: Education

A BILL

1 FOR AN ACT relating to education funding; to amend sections 79-761,
2 79-1018.01, 79-1204, 79-1223, 79-1233, 79-1241.01,
3 79-1241.02, 79-1243, 79-1302, 79-1303, 79-1304, and
4 79-1325, Reissue Revised Statutes of Nebraska, sections
5 9-812, 81-1634, 86-515, and 86-520, Revised Statutes
6 Cumulative Supplement, 2004, and sections 79-1003,
7 79-1007.02, 79-1028, and 86-516, Revised Statutes
8 Supplement, 2005; to harmonize language relating to state
9 lottery proceeds with the 2004 constitutional amendment
10 to Article III, section 24; to change provisions
11 relating to distribution of the Education Innovation
12 Fund, allowances and allowable growth rates under the
13 Tax Equity and Educational Opportunities Support Act,
14 and educational services units; to create a council;

1 to define terms; to provide for distance education and
2 incentives; to eliminate the Attracting Excellence to
3 Teaching Program Act, a program, and funds; to harmonize
4 provisions; to repeal the original sections; and to
5 outright repeal sections 79-8,132, 79-8,133, 79-8,134,
6 79-8,135, 79-8,136, 79-8,137, 79-8,138, 79-8,139,
7 79-8,140, 79-1301, 79-1305, 79-1306, 79-1307, 79-1310,
8 and 79-1328, Reissue Revised Statutes of Nebraska,
9 and sections 79-1329 and 79-1330, Revised Statutes
10 Supplement, 2005.
11 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 9-812, Revised Statutes Cumulative
2 Supplement, 2004, is amended to read:

3 9-812 (1) All money received from the operation of
4 lottery games conducted pursuant to the State Lottery Act in
5 Nebraska shall be credited to the State Lottery Operation Trust
6 Fund, which fund is hereby created. All payments of ~~expenses of the~~
7 ~~operation of~~ the costs of establishing and maintaining the lottery
8 games shall be made from the State Lottery Operation Cash Fund.
9 In accordance with legislative appropriations, money for payments
10 for expenses of the division shall be transferred from the State
11 Lottery Operation Trust Fund to the State Lottery Operation Cash
12 Fund, which fund is hereby created. All money necessary for the
13 payment of lottery prizes shall be transferred from the State
14 Lottery Operation Trust Fund to the State Lottery Prize Trust
15 Fund, which fund is hereby created. The amount used for the
16 payment of lottery prizes shall not be less than forty percent
17 of the dollar amount of the lottery tickets which have been sold.
18 ~~The State Treasurer shall transfer five million dollars from the~~
19 ~~State Lottery Operation Trust Fund to the General Fund within~~
20 ~~fifteen days after July 1, 2004. Until October 1, 2003, at least~~
21 ~~twenty-five percent and beginning~~

22 (2)(a) Beginning October 1, 2003, and until January 1,
23 2008, a portion of the dollar amount of the lottery tickets which
24 have been sold on an annualized basis shall be transferred from
25 the State Lottery Operation Trust Fund to the Education Innovation

1 Fund, the Nebraska Scholarship Fund, the Nebraska Environmental
2 Trust Fund, the Nebraska State Fair Board, and the Compulsive
3 Gamblers Assistance Fund, except that the dollar amount transferred
4 shall not be less than the dollar amount transferred to the funds
5 in fiscal year 2002-03.

6 (b) On and after January 1, 2008, at least twenty-five
7 percent of the dollar amount of the lottery tickets which have been
8 sold on an annualized basis shall be transferred from the State
9 Lottery Operation Trust Fund to the Education Innovation Fund,
10 the Nebraska Scholarship Fund, the Nebraska Environmental Trust
11 Fund, the Nebraska State Fair Board, and the Compulsive Gamblers
12 Assistance Fund.

13 (3) Of the money available to be transferred to the
14 Education Innovation Fund, the Nebraska Scholarship Fund, the
15 Nebraska Environmental Trust Fund, the Nebraska State Fair Board,
16 and the Compulsive Gamblers Assistance Fund:

17 (a) The , the first five hundred thousand dollars shall
18 be transferred to the Compulsive Gamblers Assistance Fund to be
19 used as provided in section 71-817;

20 (b) Nineteen - ~~Twenty-four~~ and three-fourths percent of
21 the money remaining after the payment of prizes and operating
22 expenses and the initial transfer to the Compulsive Gamblers
23 Assistance Fund shall be transferred to the Education Innovation
24 Fund; -

25 (c) Twenty-four and three-fourths percent of the money

1 remaining after the payment of prizes and operating expenses and
2 the initial transfer to the Compulsive Gamblers Assistance Fund
3 shall be transferred to the Nebraska Scholarship Fund; ~~Forty-nine~~

4 (d) Forty-four and one-half percent of the money
5 remaining after the payment of prizes and operating expenses and
6 the initial transfer to the Compulsive Gamblers Assistance Fund
7 shall be transferred to the Nebraska Environmental Trust Fund to be
8 used as provided in the Nebraska Environmental Trust Act; ~~and~~

9 (e) Ten percent of the money remaining after the payment
10 of prizes and operating expenses and the initial transfer to
11 the Compulsive Gamblers Assistance Fund shall be transferred to
12 the Nebraska State Fair Board if the most populous city within
13 the county in which the fair is located provides matching funds
14 equivalent to ten percent of the funds available for transfer. Such
15 matching funds may be obtained from the city and any other private
16 or public entity, except that no portion of such matching funds
17 shall be provided by the state. If the Nebraska State Fair ceases
18 operations, ten percent of the money remaining after the payment
19 of prizes and operating expenses and the initial transfer to the
20 Compulsive Gamblers Assistance Fund shall be transferred to the
21 General Fund; and

22 (f) One percent of the money remaining after the payment
23 of prizes and operating expenses and the initial transfer to the
24 Compulsive Gamblers Assistance Fund shall be transferred to the
25 Compulsive Gamblers Assistance Fund to be used as provided in

1 section 71-817.

2 ~~(2)~~ (4) The Education Innovation Fund is hereby created.

3 At least seventy-five percent of the lottery proceeds allocated to
4 the Education Innovation Fund shall be available for disbursement.

5 ~~For each fiscal year except fiscal years 2003-04, 2004-05, 2005-06,~~
6 ~~and 2006-07, the Education Innovation Fund shall be allocated in~~
7 ~~the following manner: Up to twenty percent to fund the mentor~~
8 ~~teacher program pursuant to the Quality Education Accountability~~
9 ~~Act, up to forty percent to the Attracting Excellence to Teaching~~
10 ~~Program Cash Fund to fund the Attracting Excellence to Teaching~~
11 ~~Program Act, and up to forty percent of the fund shall be allocated~~
12 ~~by the Governor. For fiscal years 2003-04 and 2004-05, the~~
13 ~~Education Innovation Fund shall be allocated to the General Fund~~
14 ~~after operating expenses for the Excellence in Education Council~~
15 ~~are deducted. For fiscal years 2005-06 and 2006-07, For fiscal~~
16 ~~year 2005-06, the Education Innovation Fund shall be allocated as~~
17 ~~follows: The first one million dollars each fiscal year shall be~~
18 ~~transferred to the School District Reorganization Fund, and the~~
19 ~~remaining amount shall be allocated to the General Fund after~~
20 ~~operating expenses for the Excellence in Education Council are~~
21 ~~deducted. For fiscal year 2006-07, the Education Innovation Fund~~
22 ~~shall be allocated as follows: The first one million dollars~~
23 ~~shall be transferred to the School District Reorganization Fund,~~
24 ~~and the remaining amount shall be allocated, after administrative~~
25 ~~expenses, for distance education equipment and incentives pursuant~~

1 to sections 21 and 22 of this act. For fiscal years 2007-08
2 through 2015-16, the Education Innovation Fund shall be allocated,
3 after administrative expenses, for distance education equipment and
4 incentives pursuant to such sections. For fiscal year 2016-17 and
5 each fiscal year thereafter, the Education Innovation Fund shall be
6 allocated, after administrative expenses, for education purposes as
7 provided by the Legislature.

8 At the direction of the budget administrator of the
9 Department of Administrative Services, the State Treasurer shall
10 transfer available unobligated balances existing in the Education
11 Innovation Fund to the General Fund on or before July 15, 2005, in
12 such amounts as determined by the budget administrator, to include:
13 Any unobligated money remaining as of June 30, 2004, and June
14 30, 2005, in the Education Innovation Fund, appropriated for the
15 Excellence in Education Council; investment income credited to the
16 fund; and unobligated grant fund money returned to the state for
17 credit to the Education Innovation Fund.

18 Allocations by the Governor shall be through incentive
19 grants to encourage the development of strategic school improvement
20 plans by school districts for accomplishing high performance
21 learning and to encourage schools to establish innovations in
22 programs or practices that result in restructuring of school
23 organization, school management, and instructional programs which
24 bring about improvement in the quality of education. Such
25 incentive grants allocated by the Governor are intended to

1 provide selected school districts, teachers or groups of teachers,
2 nonprofit educational organizations, educational service units, or
3 cooperatives funding for the allowable costs of implementing pilot
4 projects and model programs.

5 From the funds allocated by the Governor, minigrants
6 shall be available to school districts to support the development
7 of strategic school improvement plans which shall include
8 statements of purposes and goals for the districts. The plans shall
9 also include the specific statements of improvement or strategic
10 initiatives designed to improve quality learning for every student.

11 In addition to the minigrants granted for the development
12 of strategic school improvement plans, school districts with annual
13 budget expenditures of three hundred fifty thousand dollars or
14 less are eligible for minigrants from the funds allocated by the
15 Governor for the purposes allowed in subdivisions (2)(a) through
16 (g) of this section. The amount of this type of minigrant shall
17 not exceed five thousand dollars. The school district shall present
18 a curriculum support plan with its application for the grant. The
19 curriculum support plan must show how the district is working to
20 achieve one or more of the allowed purposes and how the grant will
21 be used to directly advance the plan to achieve one or more of
22 these purposes. The plan must be signed by the school administrator
23 and a school board representative. The application for the grant
24 shall be brief. The Excellence in Education Council shall select
25 the recipients of this type of minigrant and shall administer such

1 ~~minigrants.~~

2 From the funds allocated by the Governor, major
3 competitive grants shall be available to support innovative
4 programs which are directly related to the strategic school
5 improvement plans. The development of a strategic school
6 improvement plan by a school district shall be required before
7 a grant is awarded. Annual reports shall be made by program
8 recipients documenting the effectiveness of the program in
9 improving the quality of education as designed in the strategic
10 school improvement plans. Special consideration shall be given
11 to plans which contain public or private matching funds and
12 cooperative agreements, including agreements for in-kind services.
13 Purposes for which such major competitive grants would be offered
14 shall include:

15 (a) Professional staff development programs to provide
16 funds for teacher and administrator training and continuing
17 education to upgrade teaching and administrative skills;

18 (b) The development of strategic school improvement plans
19 by school districts;

20 (c) Educational technology assistance to public schools
21 for the purchase and operation of computers, telecommunications
22 equipment and services, and other forms of technological innovation
23 which may enhance classroom teaching, instructional management,
24 and districtwide administration. Telecommunications equipment,
25 services, and forms of technical innovation shall be approved only

1 after review by the technical panel created in section 86-521,

2 (d) An educational accountability program to develop
3 an educational indicators system to measure the performance and
4 outcomes of public schools and to ensure efficiency in operations,

5 (e) Alternative programs for students, including
6 underrepresented groups, at-risk students, and dropouts,

7 (f) Programs that demonstrate improvement of student
8 performance against valid national and international achievement
9 standards,

10 (g) Early childhood and parent education which emphasizes
11 child development,

12 (h) Programs using decisionmaking models that increase
13 involvement of parents, teachers, and students in school
14 management,

15 (i) Increased involvement of the community in order to
16 achieve increased confidence in and satisfaction with its schools,

17 (j) Development of magnet or model programs designed to
18 facilitate desegregation,

19 (k) Programs that address family and social issues
20 impairing the learning productivity of students,

21 (l) Programs enhancing critical and higher-order thinking
22 capabilities,

23 (m) Programs which produce the quality of education
24 necessary to guarantee a competitive work force,

25 (n) Programs designed to increase productivity of staff

1 and students through innovative use of time;

2 ~~(e)~~ Training programs designed to benefit teachers at
3 all levels of education by increasing their ability to work with
4 educational technology in the classroom;

5 ~~(p)~~ Approved accelerated or differentiated curriculum
6 programs under sections 79-1106 to 79-1108.03; and

7 ~~(q)~~ Programs for children from birth to age twenty-one
8 years with disabilities receiving special education under the
9 Special Education Act and children from birth to age twenty-one
10 years needing support services as defined in section 79-1125.01,
11 which programs demonstrate improved outcomes for children from
12 birth to age twenty-one years through emphasis on prevention and
13 collaborative planning.

14 The Governor shall establish the Excellence in Education
15 Council. The Governor shall appoint eleven members to the
16 council including representatives of educational organizations,
17 postsecondary educational institutions, the business community, and
18 the general public, members of school boards and parent education
19 associations, school administrators, and at least four teachers
20 who are engaged in classroom teaching. The State Department of
21 Education shall provide staff support for the council to administer
22 the Education Innovation Fund, including the Quality Education
23 Accountability Act. The council shall have the following powers
24 and duties:

25 ~~(i)~~ In consultation with the department, develop and

1 publish criteria for the awarding of incentive grants allocated by
2 the Governor for programs pursuant to this subsection, including
3 minigrants;

4 (ii) Provide recommendations to the Governor regarding
5 the selection of projects to be funded and the distribution and
6 duration of project funding;

7 (iii) Establish standards, formats, procedures, and
8 timelines for the successful implementation of approved programs
9 funded by incentive grants allocated by the Governor from the
10 Education Innovation Fund;

11 (iv) Assist school districts in determining the
12 effectiveness of the innovations in programs and practices and
13 measure the subsequent degree of improvement in the quality of
14 education;

15 (v) Consider the reasonable distribution of funds across
16 the state and all classes of school districts;

17 (vi) Carry out its duties pursuant to the Quality
18 Education Accountability Act; and

19 (vii) Provide annual reports to the Governor concerning
20 programs funded by the fund. Each report shall include the
21 number of applicants and approved applicants, an overview of
22 the various programs, objectives, and anticipated outcomes, and
23 detailed reports of the cost of each program.

24 To assist the council in carrying out its duties,
25 the State Board of Education shall, in consultation with the

1 council, adopt and promulgate rules and regulations establishing
2 criteria, standards, and procedures regarding the selection and
3 administration of programs funded from the Education Innovation
4 Fund, including the Quality Education Accountability Act.

5 ~~(3)~~ Recipients of incentive grants allocated by the
6 Governor from the Education Innovation Fund shall be required to
7 provide, upon request, such data relating to the funded programs
8 and initiatives as the Governor deems necessary.

9 ~~(4)~~ (5) Any money in the State Lottery Operation Trust
10 Fund, the State Lottery Operation Cash Fund, the State Lottery
11 Prize Trust Fund, or the Education Innovation Fund available
12 for investment shall be invested by the state investment officer
13 pursuant to the Nebraska Capital Expansion Act and the Nebraska
14 State Funds Investment Act.

15 ~~(5)~~ (6) Unclaimed prize money on a winning lottery ticket
16 shall be retained for a period of time prescribed by rules and
17 regulations. If no claim is made within such period, the prize
18 money shall be used at the discretion of the Tax Commissioner for
19 any of the purposes prescribed in this section.

20 Sec. 2. Section 79-761, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 79-761 The State Board of Education shall develop
23 guidelines for mentor teacher programs in local systems in order
24 to provide ongoing support for individuals entering the teaching
25 profession. Funding for mentor teacher programs shall be provided

1 ~~to local systems which provide each first-year teacher in the local~~
2 ~~system with a mentor.~~ The mentor teacher programs shall be funded
3 ~~by the Education Innovation Fund pursuant to subsection (2) of~~
4 ~~section 9-812 and shall~~ identify criteria for selecting excellent,
5 experienced, and qualified teachers to be participants. The state
6 board shall report to the Legislature on or before December 1,
7 1998, on its progress in implementing this section.

8 Sec. 3. Section 79-1003, Revised Statutes Supplement,
9 2005, is amended to read:

10 79-1003 For purposes of the Tax Equity and Educational
11 Opportunities Support Act:

12 (1) Adjusted general fund operating expenditures means
13 general fund operating expenditures as calculated pursuant to
14 subdivision ~~(23)~~ (24) of this section minus (a) for school
15 fiscal years before school fiscal year 2007-08, the transportation
16 allowance and minus the special receipts allowance and (b) for
17 school fiscal year 2007-08 and each school fiscal year thereafter,
18 the sum of the transportation, special receipts, and distance
19 education and telecommunications allowances;

20 (2) Adjusted valuation means the assessed valuation of
21 taxable property of each local system in the state, adjusted
22 pursuant to the adjustment factors described in section 79-1016.
23 Adjusted valuation means the adjusted valuation for the property
24 tax year ending during the school fiscal year immediately preceding
25 the school fiscal year in which the aid based upon that value is

1 to be paid. For purposes of determining the local effort rate yield
2 pursuant to section 79-1015.01, adjusted valuation does not include
3 the value of any property which a court, by a final judgment from
4 which no appeal is taken, has declared to be nontaxable or exempt
5 from taxation;

6 (3) Allocated income tax funds means the amount of
7 assistance paid to a local system pursuant to section 79-1005.01 or
8 79-1005.02 as adjusted by the minimum levy adjustment pursuant to
9 section 79-1008.02;

10 (4) Average daily attendance of a student who resides on
11 Indian land means average daily attendance of a student who resides
12 on Indian land from the most recent data available on November 1
13 preceding the school fiscal year in which aid is to be paid;

14 (5) Average daily membership means the average daily
15 membership for grades kindergarten through twelve attributable to
16 the local system, as provided in each district's annual statistical
17 summary, and includes the proportionate share of students enrolled
18 in a public school instructional program on less than a full-time
19 basis;

20 (6) Base fiscal year means the first school fiscal year
21 following the school fiscal year in which the reorganization or
22 unification occurred;

23 (7) Board means the school board of each school district;

24 (8) Categorical funds means funds limited to a specific
25 purpose by federal or state law, including, but not limited to,

1 Title I funds, Title VI funds, federal vocational education funds,
2 federal school lunch funds, Indian education funds, Head Start
3 funds, and funds from the Education Innovation Fund; ~~and funds~~
4 ~~from the School Technology Fund;~~

5 (9) Consolidate means to voluntarily reduce the number of
6 school districts providing education to a grade group and does not
7 include dissolution pursuant to section 79-498;

8 (10) Converted contract means an expired contract that
9 was in effect for at least fifteen years for the education of
10 students in a nonresident district in exchange for tuition from
11 the resident district when the expiration of such contract results
12 in the nonresident district educating students who would have been
13 covered by the contract if the contract were still in effect
14 as option students pursuant to the enrollment option program
15 established in section 79-234;

16 (11) Converted contract option students means students
17 who will be option students pursuant to the enrollment option
18 program established in section 79-234 for the school fiscal year
19 for which aid is being calculated and who would have been covered
20 by a converted contract if the contract were still in effect and
21 such school fiscal year is the first school fiscal year for which
22 such contract is not in effect;

23 (12) Department means the State Department of Education;

24 (13) Distance education and telecommunications allowance
25 means, for state aid calculated for school fiscal year 2007-08

1 and each school fiscal year thereafter, eighty-five percent of
2 the difference of the costs for (a) telecommunications services,
3 (b) access to data transmission networks that transmit data to
4 and from the school district, and (c) the transmission of data
5 on such networks paid by the school districts in the local
6 system as reported on the annual financial report for the most
7 recently available complete data year minus the receipts from the
8 federal Universal Service Fund pursuant to section 254 of the
9 Telecommunications Act of 1996, 47 U.S.C. 254, as such section
10 existed on January 1, 2006, for the school districts in the local
11 system as reported on the annual financial report for the most
12 recently available complete data year;

13 (14) District means any Class I, II, III, IV, V, or VI
14 school district;

15 ~~(14)~~ (15) Ensuing school fiscal year means the school
16 fiscal year following the current school fiscal year;

17 ~~(15)~~ (16) Equalization aid means the amount of assistance
18 calculated to be paid to a local system pursuant to sections
19 79-1008.01 to 79-1022 and 79-1022.02;

20 ~~(16)~~ (17) Fall membership means the total membership in
21 kindergarten through grade twelve attributable to the local system
22 as reported on the fall school district membership reports for each
23 district pursuant to section 79-528;

24 ~~(17)~~ (18) Fiscal year means the state fiscal year which
25 is the period from July 1 to the following June 30;

1 ~~(18)~~ (19) Formula students means (a) for state aid
2 certified pursuant to section 79-1022, the sum of fall membership
3 from the school fiscal year immediately preceding the school fiscal
4 year in which the aid is to be paid, multiplied by the average
5 ratio of average daily membership to fall membership for the second
6 school fiscal year immediately preceding the school fiscal year in
7 which aid is to be paid and the prior two school fiscal years, plus
8 qualified early childhood education fall membership plus tuitioned
9 students from the school fiscal year immediately preceding the
10 school fiscal year in which the aid is to be paid and (b) for final
11 calculation of state aid pursuant to section 79-1065, the sum of
12 average daily membership plus qualified early childhood education
13 average daily membership plus tuitioned students from the school
14 fiscal year immediately preceding the school fiscal year in which
15 the aid was paid;

16 ~~(19)~~ (20) Free lunch and free milk student means a
17 student who qualified for free lunches or free milk from the most
18 recent data available on November 1 of the school fiscal year
19 immediately preceding the school fiscal year in which aid is to be
20 paid;

21 ~~(20)~~ (21) Full-day kindergarten means kindergarten
22 offered by a district for at least one thousand thirty-two
23 instructional hours;

24 ~~(21)~~ (22) General fund budget of expenditures means
25 the total budget of disbursements and transfers for general fund

1 purposes as certified in the budget statement adopted pursuant
2 to the Nebraska Budget Act, except that for purposes of the
3 limitation imposed in section 79-1023, the calculation of Class I
4 total allowable general fund budget of expenditures minus the
5 special education budget of expenditures pursuant to section
6 79-1083.03, and the calculation pursuant to subdivision (2) of
7 section 79-1027.01, the general fund budget of expenditures does
8 not include any special grant funds, exclusive of local matching
9 funds, received by a district subject to the approval of the
10 department;

11 ~~(22)~~ (23) General fund expenditures means all
12 expenditures from the general fund;

13 ~~(23)~~ (24) General fund operating expenditures means the
14 total general fund expenditures minus categorical funds, tuition
15 paid, transportation fees paid to other districts, adult education,
16 summer school, community services, redemption of the principal
17 portion of general fund debt service, retirement incentive plans,
18 staff development assistance, and transfers from other funds into
19 the general fund for the second school fiscal year immediately
20 preceding the school fiscal year in which aid is to be paid;

21 ~~(24)~~ (25) High school district means a school district
22 providing instruction in at least grades nine through twelve;

23 ~~(25)~~ (26) Income tax liability means the amount of the
24 reported income tax liability for resident individuals pursuant to
25 the Nebraska Revenue Act of 1967 less all nonrefundable credits

1 earned and refunds made;

2 ~~(26)~~ (27) Income tax receipts means the amount of income
3 tax collected pursuant to the Nebraska Revenue Act of 1967 less all
4 nonrefundable credits earned and refunds made;

5 ~~(27)~~ (28) Limited English proficiency student means a
6 student with limited English proficiency from the most recent data
7 available on November 1 of the school fiscal year preceding the
8 school fiscal year in which aid is to be paid;

9 ~~(28)~~ (29) Local system means: (a) For school fiscal years
10 prior to 2006-07, a Class VI district and the associated Class I
11 districts or a Class II, III, IV, or V district and any affiliated
12 Class I districts or portions of Class I districts; (b) for school
13 fiscal year 2006-07, a Class VI district and the Class I districts
14 or portions of Class I district that will be merged with the
15 Class VI district to form a Class II or III district on June
16 15, 2006, pursuant to section 79-4,113 or 79-4,114 or a Class II,
17 III, IV, or V district and any Class I districts or portions of
18 Class I districts that will be merged with the Class II, III,
19 IV, or V district on June 15, 2006, pursuant to section 79-4,113
20 or 79-4,114; and (c) for school fiscal year 2007-08 and each
21 school fiscal year thereafter, a Class II, III, IV, or V district.
22 The membership, expenditures, and resources of Class I districts
23 that are affiliated with multiple high school districts will be
24 attributed to local systems based on the percent of the Class I
25 valuation that is affiliated with each high school district;

1 ~~(29)~~ (30) Low-income child means a child under nineteen
2 years of age living in a household having an annual adjusted gross
3 income of fifteen thousand dollars or less for the second calendar
4 year preceding the beginning of the school fiscal year for which
5 aid is being calculated;

6 ~~(30)~~ (31) Most recently available complete data year
7 means the most recent single school fiscal year for which the
8 annual financial report, fall school district membership report,
9 annual statistical summary, Nebraska income tax liability by school
10 district for the calendar year in which the majority of the school
11 fiscal year falls, and adjusted valuation data are available;

12 ~~(31)~~ (32) Qualified early childhood education average
13 daily membership means the product of the average daily membership
14 for school fiscal year 2006-07 and each school fiscal year
15 thereafter of students who will be eligible to attend kindergarten
16 the following school year and are enrolled in an early childhood
17 education program approved by the department pursuant to section
18 79-1103 for such school district for such school year if: (a)
19 The program is receiving a grant pursuant to such section for the
20 third year; (b) the program has already received grants pursuant to
21 such section for three years; or (c) the program has been approved
22 pursuant to subsection (5) of section 79-1103 for such school year
23 and the two preceding school years, including any such students
24 in portions of any of such programs receiving an expansion grant,
25 multiplied by the ratio of the actual instructional hours of the

1 program divided by one thousand thirty-two;

2 ~~(32)~~ (33) Qualified early childhood education fall
3 membership means the product of membership on the last Friday in
4 September 2006 and each year thereafter of students who will be
5 eligible to attend kindergarten the following school year and are
6 enrolled in an early childhood education program approved by the
7 department pursuant to section 79-1103 for such school district
8 for such school year if: (a) The program is receiving a grant
9 pursuant to such section for the third year; (b) the program has
10 already received grants pursuant to such section for three years;
11 or (c) the program has been approved pursuant to subsection (5)
12 of section 79-1103 for such school year and the two preceding
13 school years, including any such students in portions of any of
14 such programs receiving an expansion grant, multiplied by the ratio
15 of the planned instructional hours of the program divided by one
16 thousand thirty-two;

17 ~~(33)~~ (34) Regular route transportation means the
18 transportation of students on regularly scheduled daily routes to
19 and from the attendance center;

20 ~~(34)~~ (35) Reorganized district means any district
21 involved in a consolidation and currently educating students
22 following consolidation;

23 ~~(35)~~ (36) School year or school fiscal year means the
24 fiscal year of a school district as defined in section 79-1091;

25 ~~(36)~~ (37) Special education means specially designed

1 kindergarten through grade twelve instruction pursuant to section
2 79-1125, and includes special education transportation;

3 ~~(37)~~ (38) Special grant funds means the budgeted receipts
4 for grants, including, but not limited to, Title I funds, Title
5 VI funds, funds from the Education Innovation Fund, reimbursements
6 for wards of the court, short-term borrowings including, but
7 not limited to, registered warrants and tax anticipation notes,
8 interfund loans, insurance settlements, and reimbursements to
9 county government for previous overpayment. The state board shall
10 approve a listing of grants that qualify as special grant funds;

11 ~~(38)~~ (39) Special receipts allowance means the amount of
12 special education, state ward, and accelerated or differentiated
13 curriculum program receipts included in local system formula
14 resources under subdivisions (7), (8), (16), and (17) of section
15 79-1018.01;

16 ~~(39)~~ (40) State aid means the amount of assistance
17 paid to a district pursuant to the Tax Equity and Educational
18 Opportunities Support Act;

19 ~~(40)~~ (41) State board means the State Board of Education;

20 ~~(41)~~ (42) State support means all funds provided to
21 districts by the State of Nebraska for the general fund support of
22 elementary and secondary education;

23 ~~(42)~~ (43) Temporary aid adjustment factor means (a) for
24 school fiscal years before school fiscal year 2007-08, one and
25 one-fourth percent of the sum of the local system's transportation

1 allowance, the local system's special receipts allowance, and the
2 product of the local system's adjusted formula students multiplied
3 by the average formula cost per student in the local system's cost
4 grouping and (b) for school fiscal year 2007-08 and each school
5 fiscal year thereafter, one and one-fourth percent of the sum
6 of the local system's transportation allowance, special receipts
7 allowance, and distance education and telecommunications allowance
8 and the product of the local system's adjusted formula students
9 multiplied by the average formula cost per student in the local
10 system's cost grouping;

11 ~~(43)~~ (44) Transportation allowance means the lesser of
12 (a) each local system's general fund expenditures for regular route
13 transportation and in lieu of transportation expenditures pursuant
14 to section 79-611 in the second school fiscal year immediately
15 preceding the school fiscal year in which aid is to be paid,
16 but not including special education transportation expenditures or
17 other expenditures previously excluded from general fund operating
18 expenditures, or (b) the number of miles traveled in the second
19 school fiscal year immediately preceding the school fiscal year in
20 which aid is to be paid by vehicles owned, leased, or contracted
21 by the district or the districts in the local system for the
22 purpose of regular route transportation multiplied by four hundred
23 percent of the mileage rate established by the Department of
24 Administrative Services pursuant to section 81-1176 as of January 1
25 of the most recently available complete data year added to in lieu

1 of transportation expenditures pursuant to section 79-611 from the
2 same data year;

3 ~~(44)~~ (45) Tuition receipts from converted contracts means
4 tuition receipts received by a district from another district
5 in the most recently available complete data year pursuant to a
6 converted contract prior to the expiration of the contract; and

7 ~~(45)~~ (46) Tuitioned students means students in
8 kindergarten through grade twelve of the district whose tuition is
9 paid by the district to some other district or education agency.

10 Sec. 4. Section 79-1007.02, Revised Statutes Supplement,
11 2005, is amended to read:

12 79-1007.02 For state aid calculated for school fiscal
13 year 1998-99 and each school fiscal year thereafter:

14 (1) Using data from the annual financial reports for the
15 second school fiscal year immediately preceding the school fiscal
16 year in which aid is to be paid, the annual statistical summary
17 reports for the school fiscal year immediately preceding the school
18 fiscal year in which aid is to be paid, the fall membership reports
19 and supplements thereto for the school fiscal year immediately
20 preceding the school fiscal year in which aid is to be paid,
21 and the school district census as reported under sections 79-524
22 and 79-578 for the second school fiscal year preceding the school
23 fiscal year in which aid is to be paid, the department shall
24 divide the local systems into three cost groupings prior to the
25 certification of state aid based upon the following criteria:

1 (a) The very sparse cost grouping will consist of local
2 systems that have (i) (A) less than one-half student per square
3 mile in each county in which each high school attendance center
4 is located, based on the school district census, (B) less than
5 one formula student per square mile in the local system, and (C)
6 more than fifteen miles between the high school attendance center
7 and the next closest high school attendance center on paved roads
8 or (ii) (A) more than four hundred fifty square miles in the local
9 system, (B) less than one-half student per square mile in the local
10 system, and (C) more than fifteen miles between each high school
11 attendance center and the next closest high school attendance
12 center on paved roads;

13 (b) The sparse cost grouping will consist of local
14 systems that do not qualify for the very sparse cost grouping but
15 which meet the following criteria:

16 (i) (A) Less than two students per square mile in the
17 county in which each high school is located, based on the school
18 district census, (B) less than one formula student per square mile
19 in the local system, and (C) more than ten miles between each
20 high school attendance center and the next closest high school
21 attendance center on paved roads;

22 (ii) (A) Less than one and one-half formula students per
23 square mile in the local system and (B) more than fifteen miles
24 between each high school attendance center and the next closest
25 high school attendance center on paved roads;

1 (iii) (A) Less than one and one-half formula students per
2 square mile in the local system and (B) more than two hundred
3 seventy-five square miles in the local system; or

4 (iv) (A) Less than two formula students per square mile in
5 the local system and (B) the local system includes an area equal
6 to ninety-five percent or more of the square miles in the largest
7 county in which a high school attendance center is located in the
8 local system; and

9 (c) The standard cost grouping will consist of local
10 systems that do not qualify for the very sparse or the sparse cost
11 groupings.

12 For purposes of subdivision (1) of this section, if a
13 local system did not operate and offer instruction in grades nine
14 through twelve within the boundaries of the local system during the
15 school fiscal year immediately preceding the school fiscal year in
16 which aid is to be paid, the local system shall not be considered
17 to have a high school attendance center;

18 (2) (a) The department shall calculate the average formula
19 cost per student in each cost grouping by dividing the total
20 estimated general fund operating expenditures for the cost grouping
21 by the difference between the total adjusted formula students for
22 all local systems in the cost grouping minus (i) the adjusted
23 formula students attributed to early childhood education programs
24 approved by the department pursuant to section 79-1103 for the
25 first two school fiscal years for which students attributed to

1 early childhood education programs approved by the department
2 pursuant to section 79-1103 are being included in the calculation
3 of state aid for the local system and (ii) for the first two
4 school fiscal years immediately following the school fiscal year in
5 which a district in the local system received an expansion grant
6 pursuant to section 79-1103, the difference between the adjusted
7 formula students attributed to early childhood education programs
8 approved by the department pursuant to section 79-1103 for the
9 school fiscal year immediately following the school fiscal year in
10 which a district in the local system received an expansion grant
11 minus the adjusted formula students attributed to early childhood
12 education programs approved by the department pursuant to section
13 79-1103 for the school fiscal year in which a district in the
14 local system received an expansion grant. For the calculation of
15 state aid for school fiscal year 1999-00 and for each school fiscal
16 year thereafter, the average formula cost per student in each cost
17 grouping shall not be recalculated for the final calculation of
18 state aid pursuant to section 79-1065. The calculation of total
19 adjusted formula students for purposes of this subdivision shall
20 take into account the requirements of subsection (2) of section
21 79-1007.01. The total estimated general fund operating expenditures
22 for the cost grouping is equal to the total adjusted general fund
23 operating expenditures for all local systems in the cost grouping
24 multiplied by a cost growth factor.

25 (b) The cost growth factor for each cost grouping is

1 equal to the sum of: (i) One; plus (ii) the product of two
2 times the ratio of the difference between the formula students
3 attributable to the cost grouping without weighting or adjustment
4 pursuant to section 79-1007.01 and the sum of the average
5 daily membership plus tuitioned students attributable to the cost
6 grouping for the most recently available complete data year divided
7 by the sum of the average daily membership plus tuitioned students
8 attributable to the cost grouping for the most recently available
9 complete data year, except that the ratio shall not be less than
10 zero; plus (iii) the basic allowable growth rate pursuant to
11 section 79-1025 for the school fiscal year in which the aid is to
12 be distributed; plus (iv) the basic allowable growth rate pursuant
13 to section 79-1025 for the school fiscal year immediately preceding
14 the school fiscal year in which the aid is to be distributed;
15 plus (v) one-half of any additional growth rate allowed by special
16 action of school boards for the school fiscal year in which the
17 aid is to be distributed as determined for the school fiscal
18 year immediately preceding the school fiscal year when aid is to
19 be distributed; plus (vi) one-half of any additional growth rate
20 allowed by special action of the school boards for the school
21 fiscal year immediately preceding the school fiscal year when the
22 aid is to be distributed;

23 (3) For all school fiscal years ~~except school fiscal~~
24 ~~years 2002-03 through 2007-08~~ year 2008-09 and each school fiscal
25 year thereafter, each local system's formula need will be equal

1 to the sum of the local system's transportation allowance, special
2 receipts allowance, and distance education and telecommunications
3 allowance plus the local system's special receipts allowance plus
4 the product of the local system's adjusted formula students
5 multiplied by the average formula cost per student in the local
6 system's cost grouping. The calculation of total adjusted formula
7 students for purposes of this subdivision shall take into account
8 the requirements of subsection (2) of section 79-1007.01; and

9 ~~(4)~~ (4)(a) For school fiscal years 2002-03 through
10 ~~2007-08~~ 2006-07, each local system's formula need shall be
11 calculated by subtracting the temporary aid adjustment factor
12 from the sum of the local system's transportation allowance, the
13 local system's special receipts allowance, and the product of the
14 local system's adjusted formula students multiplied by the average
15 formula cost per student in the local system's cost grouping. The
16 calculation of total adjusted formula students for purposes of this
17 subdivision shall take into account the requirements of subsection
18 (2) of section 79-1007.01.

19 (b) For school fiscal year 2007-08 and each school
20 fiscal year thereafter, each local system's formula need shall be
21 calculated by subtracting the temporary aid adjustment factor from
22 the sum of the local system's transportation allowance, special
23 receipts allowance, and distance education and telecommunications
24 allowance and the product of the local system's adjusted formula
25 students multiplied by the average formula cost per student in the

1 local system's cost grouping. The calculation of total adjusted
2 formula students for purposes of this subdivision shall take into
3 account the requirements of subsection (2) of section 79-1007.01.

4 Sec. 5. Section 79-1018.01, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 79-1018.01 Local system formula resources include other
7 actual receipts available for the funding of general fund operating
8 expenditures as determined by the department for the second school
9 fiscal year immediately preceding the school fiscal year in which
10 aid is to be paid, except that receipts from the Community
11 Improvements Cash Fund, receipts acquired pursuant to the Low-Level
12 Radioactive Waste Disposal Act, and, beginning with the calculation
13 of state aid to be distributed in school fiscal year 2004-05,
14 tuition receipts from converted contracts shall not be included.
15 Other actual receipts include:

16 (1) Public power district sales tax revenue;

17 (2) Fines and license fees;

18 (3) Tuition receipts from individuals, other districts,
19 or any other source except these receipts derived from adult
20 education, and except, beginning with the calculation of state aid
21 to be distributed in school fiscal year 2004-05, tuition receipts
22 from converted contracts, and receipts from other school districts
23 for providing distance education courses through the Distance
24 Education Council to such other school districts;

25 (4) Transportation receipts;

1 (5) Interest on investments;

2 (6) Other miscellaneous noncategorical local receipts,
3 not including receipts from private foundations, individuals,
4 associations, or charitable organizations;

5 (7) Special education receipts, excluding grant funds
6 received pursuant to section 9-812;

7 (8) Special education receipts and non-special education
8 receipts from the state for wards of the court and wards of the
9 state;

10 (9) All receipts from the temporary school fund.
11 Beginning with the calculation of aid for school fiscal year
12 2002-03 and each school fiscal year thereafter, receipts from
13 the temporary school fund shall only include receipts pursuant
14 to section 79-1035 and the receipt of funds pursuant to section
15 79-1036 for property leased for a public purpose as set forth in
16 subdivision (1)(a) of section 77-202;

17 (10) Motor vehicle tax receipts received on or after
18 January 1, 1998;

19 (11) Pro rata motor vehicle license fee receipts;

20 (12) Other miscellaneous state receipts excluding revenue
21 from the textbook loan program authorized by section 79-734;

22 (13) Impact aid entitlements for the school fiscal year
23 which have actually been received by the district to the extent
24 allowed by federal law;

25 (14) All other noncategorical federal receipts;

1 (15) All receipts pursuant to the enrollment option
2 program under sections 79-232 to 79-246;

3 (16) Receipts under the federal Medicare Catastrophic
4 Coverage Act of 1988, as such act existed on May 8, 2001, as
5 authorized pursuant to sections 43-2510 and 43-2511 but only to the
6 extent of the amount the local system would have otherwise received
7 pursuant to the Special Education Act; and

8 (17) Receipts for accelerated or differentiated
9 curriculum programs pursuant to sections 79-1106 to 79-1108.03.

10 Sec. 6. Section 79-1028, Revised Statutes Supplement
11 2005, is amended to read:

12 79-1028 (1) A Class II, III, IV, V, or VI school district
13 may exceed the local system's applicable allowable growth rate for
14 (a) expenditures in support of a service which is the subject of
15 an agreement or a modification of an existing agreement whether
16 operated by one of the parties to the agreement or an independent
17 joint entity or joint public agency, (b) expenditures to pay for
18 repairs to infrastructure damaged by a natural disaster which is
19 declared a disaster emergency pursuant to the Emergency Management
20 Act, (c) expenditures to pay for judgments, except judgments
21 or orders from the Commission of Industrial Relations, obtained
22 against a school district which require or obligate a school
23 district to pay such judgment, to the extent such judgment is not
24 paid by liability insurance coverage of a school district, (d)
25 expenditures to pay for sums agreed to be paid by a school district

1 to certificated employees in exchange for a voluntary termination
 2 of employment, or (e) expenditures to pay for lease-purchase
 3 contracts approved on or after July 1, 1997, and before July
 4 1, 1998, to the extent the lease payments were not budgeted
 5 expenditures for fiscal year 1997-98.

6 (2) A Class II, III, IV, V, or VI district may exceed its
 7 applicable allowable growth rate by a specific dollar amount if the
 8 district projects an increase in formula students in the district
 9 over the current school year greater than twenty-five students
 10 or greater than those listed in the schedule provided in this
 11 subsection, whichever is less. Districts shall project increases
 12 in formula students on forms prescribed by the department. The
 13 department shall approve, deny, or modify the projected increases.

14	Average daily	Projected increase
15	membership of	of formula students
16	district	by percentage
17	0 - 50	10
18	50.01 - 250	5
19	250.01 - 1,000	3
20	1,000.01 and over	1

21 The department shall compute the district's estimated
 22 allowable budget per pupil using the budgeted general fund
 23 expenditures found on the budget statement for the current school
 24 year divided by the number of formula students in the current
 25 school year and multiplied by the district's applicable allowable

1 growth rate. The resulting allowable budget per pupil shall be
2 multiplied by the projected formula students to arrive at the
3 estimated budget needs for the ensuing year. The department
4 shall allow the district to increase its general fund budget
5 of expenditures for the ensuing school year by the amount
6 necessary to fund the estimated budget needs of the district
7 as computed pursuant to this subsection. On or before July
8 1, the department shall make available to districts which have
9 been allowed additional growth pursuant to this subsection the
10 necessary document to recalculate the actual formula students of
11 such district. Such document shall be filed with the department
12 under subsection (1) of section 79-1024.

13 (3) A Class II, III, IV, V, or VI district may exceed
14 its applicable allowable growth rate by a specific dollar amount if
15 construction, expansion, or alteration of district buildings will
16 cause an increase in building operation and maintenance costs of
17 at least five percent. The department shall document the projected
18 increase in building operation and maintenance costs and may allow
19 a Class II, III, IV, V, or VI district to exceed the local
20 system's applicable allowable growth rate by the amount necessary
21 to fund such increased costs. The department shall compute the
22 actual increased costs for the school year and shall notify the
23 district on or before July 1 of the recovery of the additional
24 growth pursuant to this subsection.

25 (4) A Class II, III, IV, V, or VI district may exceed its

1 applicable allowable growth rate by a specific dollar amount if the
2 district demonstrates to the satisfaction of the department that
3 it will exceed its applicable allowable growth rate as a result
4 of costs pursuant to the Retirement Incentive Plan authorized
5 in section 79-855 or the Staff Development Assistance authorized
6 in section 79-856. The department shall compute the amount by
7 which the increased cost of such program or programs exceeds the
8 district's applicable allowable growth rate and shall allow the
9 district to increase its general fund expenditures by such amount
10 for that fiscal year.

11 (5) A Class II, III, IV, or V district may exceed its
12 applicable allowable growth rate by the specific dollar amount of
13 incentive payments or base fiscal year incentive payments to be
14 received in such school fiscal year pursuant to section 79-1011.

15 (6) A Class II, III, IV, V, or VI district may exceed the
16 district's applicable allowable growth rate by a specific dollar
17 amount in any year for which the state aid calculation for the
18 local system includes students in the qualified early childhood
19 education fall membership for the first time or for a year in which
20 an early childhood education program of the district is receiving
21 an expansion grant. The department shall compute the amount by
22 which the district may exceed the district's applicable allowable
23 growth rate by multiplying the cost grouping cost per student for
24 the local system's cost grouping by the local system's adjusted
25 formula students attributed to early childhood education programs

1 if students are included in the local system's qualified early
2 childhood education fall membership for the first time or by the
3 local system's adjusted formula students attributed to such early
4 childhood education programs minus the local system's adjusted
5 formula students attributed to such early childhood education
6 programs for the prior school fiscal year if a program is receiving
7 an expansion grant in the school fiscal year for which the fall
8 membership is measured. The department shall allow the district
9 to increase its general fund expenditures by such amount for such
10 school fiscal year.

11 (7) For school fiscal year 2005-06, a Class II, III, IV,
12 V, or VI district may exceed its applicable allowable growth rate
13 by a specific dollar amount not to exceed seventy-four hundredths
14 percent of the amount budgeted for employee salaries for such
15 school fiscal year. For school fiscal year 2006-07, a Class II,
16 III, IV, V, or VI district may exceed its applicable allowable
17 growth rate by a specific dollar amount not to exceed fifty-nine
18 hundredths percent of the amount budgeted for employee salaries for
19 such school fiscal year.

20 (8) For school fiscal year 2006-07, a Class II or III
21 school district that has been exempt from the transportation
22 requirements of subdivision (1)(c) of section 79-611 due to the
23 school district's status as a Class VI school district in a
24 prior school fiscal year may exceed its applicable allowable
25 growth rate by an amount equal to anticipated transportation

1 expenditures necessary to meet new transportation requirements.
2 The department shall approve, deny, or modify the anticipated
3 transportation expenditures. The department shall compute
4 the actual transportation expenditures necessary to meet new
5 transportation requirements for school fiscal year 2006-07 and
6 shall, if needed, modify the local system's applicable allowable
7 growth rate for the ensuing school fiscal year.

8 (9) A Class II, III, IV, or V school district may
9 exceed its applicable allowable growth rate by a specific dollar
10 amount not to exceed the amount received during such school fiscal
11 year from other school districts for providing distance education
12 courses through the Distance Education Council to such other school
13 districts.

14 (10) A Class II, III, IV, or V school district may exceed
15 its applicable allowable growth rate for school fiscal year 2007-08
16 by a specific dollar amount equal to the amount paid in school
17 fiscal year 2006-07 to any distance education consortium in which
18 the school district was participating pursuant to an interlocal
19 agreement.

20 Sec. 7. Section 79-1204, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 79-1204 (1) The role and mission of the educational
23 service units is to serve as educational service providers in the
24 state's system of elementary and secondary education.

25 (2) Educational service units shall:

1 (a) Act primarily as service agencies in providing core
2 services and services identified and requested by member school
3 districts;

4 (b) Provide for economy, efficiency, and
5 cost-effectiveness in the cooperative delivery of educational
6 services;

7 (c) Provide educational services through leadership,
8 research, and development in elementary and secondary education;

9 (d) Act in a cooperative and supportive role with the
10 State Department of Education and school districts in development
11 and implementation of long-range plans, strategies, and goals for
12 the enhancement of educational opportunities in elementary and
13 secondary education; and

14 (e) Serve, when appropriate and as funds become
15 available, as a repository, clearinghouse, and administrator of
16 federal, state, and private funds on behalf of school districts
17 which choose to participate in special programs, projects, or
18 grants in order to enhance the quality of education in Nebraska
19 schools.

20 (3) Except as provided in section 79-1241, core services
21 shall be provided by educational service units to all member school
22 districts. Core services shall be defined by each educational
23 service unit as follows:

24 (a) Core services shall be within the following service
25 areas in order of priority: (i) Staff development; (ii) technology,

1 including distance education services; and (iii) instructional
2 materials services;

3 (b) Core services shall improve teaching and student
4 learning by focusing on enhancing school improvement efforts,
5 meeting statewide requirements, and achieving statewide goals in
6 the state's system of elementary and secondary education;

7 (c) Core services shall provide schools with access to
8 services that:

9 (i) The educational service unit and its member school
10 districts have identified as necessary services;

11 (ii) Are difficult, if not impossible, for most
12 individual school districts to effectively and efficiently provide
13 with their own personnel and financial resources;

14 (iii) Can be efficiently provided by each educational
15 service unit to its member school districts; and

16 (iv) Can be adequately funded to ensure that the service
17 is provided equitably to the state's public school districts;

18 (d) Core services shall be designed so that the
19 effectiveness and efficiency of the service can be evaluated on a
20 statewide basis; and

21 (e) Core services shall be provided by the educational
22 service unit in a manner that minimizes the costs of administration
23 or service delivery to member school districts.

24 (4) Educational service units shall meet minimum
25 accreditation standards set by the State Board of Education that

1 will:

2 (a) Provide for accountability to taxpayers;

3 (b) Assure that educational service units are assisting
4 and cooperating with school districts to provide for equitable and
5 adequate educational opportunities statewide; and

6 (c) Assure a level of quality in educational programs and
7 services provided to school districts by the educational service
8 units.

9 (5) Educational service units may contract to provide
10 services to:

11 (a) Nonmember public school districts;

12 (b) Nonpublic school systems;

13 (c) Other educational service units; and

14 (d) Other political subdivisions, under the Interlocal
15 Cooperation Act and the Joint Public Agency Act.

16 (6) Educational service units shall not regulate school
17 districts unless specifically provided pursuant to another section
18 of law.

19 Sec. 8. Section 79-1223, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 79-1223 In order to carry out the purposes provided in
22 section 79-1204, educational service units may purchase, lease,
23 or lease-purchase real estate, equipment, supplies, services,
24 and personal property for their own use. Educational service
25 units may, either individually or collectively, purchase, lease,

1 lease-purchase, or act as purchase agent for administrative and
2 instructional supplies, instructional equipment, instructional
3 services, and personal property for resale only to ~~school districts~~
4 ~~and state colleges within the territorial boundaries of any~~
5 ~~educational service unit~~ educational entities as defined in section
6 17 of this act. When an educational service unit advertises
7 for bids for administrative or instructional ~~materials~~ supplies,
8 instructional equipment, instructional services, and personal
9 property, acceptance of any bid submitted to the educational
10 service unit shall obligate the educational service unit to award
11 the contract in accordance with the plans and specifications and in
12 the quantities set forth in the bid documents.

13 Sec. 9. Section 79-1233, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 79-1233 Each educational service unit shall provide~~7~~
16 ~~in cooperation with the State Department of Education,~~ access
17 for all school districts within the geographical area served
18 by the unit to telecomputing resources, which shall include the
19 capacity to receive and transmit distance education courses on at
20 least a regional basis beginning on or before August 1, 2007,
21 through the installation of necessary equipment at each educational
22 service unit location or through interlocal agreements with other
23 educational service units and shall provide support for training
24 users to meet their specific telecomputing ~~needs~~ and distance
25 education needs. School districts may annually elect prior to a

1 date determined by the educational service unit not to connect to
2 such telecomputing resources. Each educational service unit shall
3 also develop, with the State Department of Education, a plan which
4 provides for connecting the telecomputing and distance education
5 equipment of such school districts with the telecomputing and
6 distance education equipment of the unit.

7 The leasing or purchase of and planning for telecomputing
8 or distance education equipment and software for the educational
9 service units ~~shall be coordinated by the department and shall be~~
10 ~~compatible with a statewide plan for telecomputing agreed upon by~~
11 ~~the Department of Administrative Services and the State Department~~
12 ~~of Education~~ shall meet the minimum standards as set by the
13 Nebraska Information Technology Commission. The Chief Information
14 Officer shall bid for such equipment and software and shall allow
15 school districts, educational service units, community colleges,
16 state colleges, and the University of Nebraska to participate
17 in such statewide leasing or purchasing contracts. Educational
18 service units may enter into agreements pursuant to the Interlocal
19 Cooperation Act and the Joint Public Agency Act to carry out this
20 section. Such agreements may include, but need not be limited
21 to, provisions requiring any school district having telecomputing
22 or distance education equipment connected to the educational
23 service unit's telecomputing or distance education equipment to
24 pay periodic fees necessary to cover the cost of such usage.

25 Sec. 10. Section 79-1241.01, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2 79-1241.01 It is the intent of the Legislature to
3 appropriate nine million seven hundred thousand dollars from the
4 General Fund for FY1998-99 to be distributed pursuant to section
5 79-1241 for school fiscal year 1998-99. It To carry out sections
6 79-1241 and 79-1243, it is the intent of the Legislature to
7 appropriate for FY1999-00 and each fiscal year thereafter each
8 fiscal year the amount appropriated in the prior year increased by
9 the percentage growth in the fall membership of member districts
10 plus the basic allowable growth rate described in section 79-1025.
11 For purposes of this section, fall membership has the same meaning
12 as in section 79-1003. Fall membership data used to compute growth
13 shall be from the two most recently available fall membership
14 reports.

15 Sec. 11. Section 79-1241.02, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 79-1241.02 It is the intent of the Legislature that any
18 funds appropriated pursuant to the intent of section 79-1241.01 or
19 79-1243 for technology-related projects or technology initiatives
20 undertaken by an educational service unit follow the review process
21 established in sections 86-512 to 86-524, including the review
22 by the technical panel of the Nebraska Information Technology
23 Commission.

24 Sec. 12. Section 79-1243, Reissue Revised Statutes of
25 Nebraska, is amended to read:

1 79-1243 It is the intent of the Legislature to
2 appropriate three million dollars for FY1999-00 for use by
3 educational service units for technology infrastructure as defined
4 in section 79-1201.01. It is the intent of the Legislature to
5 appropriate for FY2000-01 and each fiscal year thereafter the
6 amount appropriated in the prior year increased by the percentage
7 growth in the fall membership of member districts plus the basic
8 allowable growth rate described in section 79-1025. For purposes of
9 this section, fall membership has the same meaning as in section
10 79-1003. Fall membership data used to compute growth shall be from
11 the two most recently available fall membership reports. The funds
12 shall be distributed as provided in section 79-1241. (1) Funds
13 appropriated for technology infrastructure as defined in section
14 79-1201.01 shall be distributed proportionally to each educational
15 service unit by the State Department of Education based on the fall
16 membership of member districts in the preceding school fiscal year,
17 except that no educational service unit shall receive less than
18 the sum of (a) two and one-half percent of the funds appropriated
19 for technology infrastructure plus (b) eighty-five percent of the
20 difference of the costs for telecommunications services, for access
21 to data transmission networks that transmit data to and from the
22 educational service unit, and for the transmission of data on such
23 networks paid by the educational service unit as reported on the
24 annual financial report for the most recently available complete
25 data year minus the receipts from the federal Universal Service

1 Fund pursuant to section 254 of the Telecommunications Act of 1996,
2 47 U.S.C. 254, as such section existed on January 1, 2006, for the
3 educational service unit as reported on the annual financial report
4 for the most recently available complete data year and minus any
5 receipts from school districts or other educational entities for
6 payment of such costs as reported on the annual financial report
7 of the educational service unit.

8 (2) Any funds appropriated for distribution pursuant to
9 this section shall be distributed in ten as nearly as possible
10 equal payments on the first business day of each month beginning
11 in September of each school fiscal year and ending in June. Funds
12 distributed pursuant to this section shall be used for technology
13 infrastructure with the approval of representatives of two-thirds
14 of the member school districts, representing a majority of the
15 students in the member school districts.

16 (3) If two or more educational service units merge, the
17 resulting merged educational service unit shall, for each of the
18 two fiscal years following the fiscal year in which the merger
19 takes place, receive technology infrastructure funds under this
20 section in an amount not less than the total of the technology
21 infrastructure funds that each of the merging educational service
22 units received in the fiscal year immediately preceding the merger,
23 except that if the appropriation for technology infrastructure
24 funds for either of the two fiscal years following the fiscal year
25 in which the merger takes place is less than the appropriation for

1 such funds for the fiscal year immediately preceding the merger,
2 technology infrastructure funds shall be reduced by a percentage
3 equal to the ratio of the difference of such appropriation
4 for the fiscal year immediately preceding the merger minus the
5 appropriation for the fiscal year in question divided by the
6 appropriation for the fiscal year immediately preceding the merger.
7 Thereafter the distribution of technology infrastructure funds
8 to the merged educational service unit shall be as provided in
9 subsection (1) of this section.

10 Sec. 13. Section 79-1302, Reissue Revised Statutes of
11 Nebraska, is amended to read:

12 79-1302 The Legislature finds that the utilization of
13 appropriate technologies can provide enhanced educational services
14 and broadened educational opportunities for Nebraska learners. The
15 Legislature further finds that the state educational technology
16 consortium established in section 79-1301 has established a plan
17 for the introduction of technologies in the schools. It is
18 the intent of the Legislature: (1) To utilize technology to
19 provide effective and efficient distance learning; (2) to provide
20 assistance and direction in the training of Nebraska teachers in
21 uses of technology for instruction through electronic means; (3) to
22 establish and support an electronic data network and data bases for
23 Nebraska educators and learners; (4) to support the evaluation and
24 dissemination of models of successful technologies which improve
25 instruction or learning; (5) to provide support for cooperative

1 education-technology ventures in partnership with public or private
2 entities; and (6) to provide support for cooperative purchase or
3 leasing of administrative or instructional software or software
4 licenses in partnership with schools, educational service units,
5 and other states.

6 Sec. 14. Section 79-1303, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 79-1303 The Educational Technology Center within the
9 State Department of Education is created. The mission of the center
10 is to achieve the legislative goals set forth in section 79-1302
11 and to provide leadership and support for the ~~introduction and~~
12 integration of technology and innovation into Nebraska elementary
13 and secondary schools in order to provide quality education and
14 equal opportunity for Nebraska learners.

15 Sec. 15. Section 79-1304, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 79-1304 The Educational Technology Center has, but is not
18 limited to, the following specific duties:

19 (1) To ~~design, implement, and evaluate a distance~~
20 ~~learning project, including at least one course transmitted via~~
21 ~~interactive audio, video, or computer in order to equalize student~~
22 ~~access and educational opportunities in geographically isolated~~
23 ~~areas of the state~~ evaluate Internet-based distance education
24 courses;

25 (2) To provide clearinghouse services for information

1 concerning current technology projects as well as software and
2 hardware development;

3 (3) To serve as a demonstration site for state-of-the-art
4 hardware appropriate to an educational setting;

5 (4) To provide technical assistance to educators in
6 working with hardware and software;

7 (5) To provide inservice and preservice training for
8 educators, in conjunction with other public and private educational
9 entities, in the use of computers, telecommunications, and other
10 electronic technologies appropriate to an educational setting;

11 (6) To sponsor activities which promote the use of
12 technology in the classroom;

13 (7) To serve as a liaison between business and education
14 interests in technology communication;

15 (8) To experiment with various applications or technology
16 in education;

17 (9) To assist schools in planning for and selecting
18 appropriate technologies;

19 (10) To design, implement, and evaluate pilot projects
20 to assess the usefulness of technologies in school management,
21 curriculum, instruction, and learning;

22 (11) To seek partnerships with the Nebraska Educational
23 Telecommunications Commission, the University of Nebraska, the
24 state colleges, community colleges, educational service units, the
25 Nebraska Library Commission, and other public and private entities

1 in order to make effective use of limited resources;

2 (12) To encourage sharing among school districts to
3 deliver cost-efficient and effective distance learning; and

4 ~~(13) To establish an electronic data network and access~~
5 ~~to appropriate data bases for learners and educators through~~
6 ~~purchase of necessary hardware, software, and licenses for national~~
7 ~~data bases. The center shall provide assistance to schools for~~
8 ~~training communication costs and, through work with Nebraska~~
9 ~~educators and learners, shall develop state-level data bases,~~
10 ~~and~~

11 ~~(14)~~ (13) To identify, evaluate, and disseminate
12 information on school projects which have the potential to enhance
13 the quality of instruction or learning.

14 Sec. 16. On July 1, 2007, educational service units shall
15 assume responsibility for distance education services that are, on
16 the effective date of this act, being provided to member school
17 districts through a distance education consortium. Interlocal
18 agreements forming distance education consortia shall terminate
19 on June 30, 2007. On or before December 31, 2006, each distance
20 education consortium shall hold a meeting of the superintendents
21 of all participating school districts to choose an educational
22 service unit to be the successor in interest for the assets and
23 liabilities of the distance education consortium by a majority vote
24 of the superintendents present at such meeting. All assets and
25 liabilities, including staff and contracts with service providers,

1 shall be transferred to such educational service unit on July 1,
2 2007. Educational service units may contract with other educational
3 service units to provide such distance education services to some
4 or all of the member school districts.

5 For purposes of this section, distance education
6 consortium means any entity formed through interlocal agreements
7 to facilitate the exchange of distance education courses between
8 school districts.

9 Sec. 17. For purposes of sections 16 to 22 of this act:

10 (1) Distance education course means a course with at
11 least one student in any of grades kindergarten through twelve
12 who is in a different location than the teacher and taught by a
13 teacher employed by an educational entity either utilizing two-way
14 interactive video or the Internet without two-way interactive
15 video. Distance education course includes a dual-enrollment course
16 with at least one student who is in a different location than the
17 teacher and taught by a teacher employed by an educational entity
18 utilizing either two-way interactive video or the Internet without
19 two-way interactive video;

20 (2) Dual-enrollment course means a course taught to
21 students for credit at both a high school and a postsecondary
22 educational institution;

23 (3) Educational entity means a school district, a
24 private, denominational, or parochial school, an educational
25 service unit, a community college, a state college, the University

1 of Nebraska, or a nonprofit private postsecondary educational
2 institution;

3 (4) Network Nebraska means the network created pursuant
4 to section 28 of this act;

5 (5) Qualified distance education course means a distance
6 education course which meets any applicable rules and regulations
7 of the State Department of Education, is offered for one semester
8 of high school credit or the equivalent, and for which all of the
9 participating education entities are required to have access to
10 Network Nebraska; and

11 (6) Two-way interactive video distance education course
12 means a distance education course in which a teacher delivers
13 instruction to students in a different location than the teacher
14 using two-way interactive video on at least two different days per
15 week during the course.

16 Sec. 18. The Distance Education Council is created.
17 The council shall coordinate distance education in Nebraska. The
18 council shall be composed of one administrator or his or her
19 designee from each educational service unit. The council shall hire
20 an administrator and such other personnel as necessary to carry
21 out the functions of the council. The council shall be funded from
22 appropriations by the Legislature and fees established for services
23 provided to educational entities.

24 Sec. 19. The powers and duties of the Distance Education
25 Council include, but are not limited to:

- 1 (1) Providing public access to lists of qualified
2 distance education courses;
- 3 (2) Collecting and providing school schedules for
4 participating educational entities;
- 5 (3) Facilitation of scheduling for qualified distance
6 education courses;
- 7 (4) Brokering of qualified distance education courses to
8 be purchased by educational entities;
- 9 (5) Assessment of distance education needs and evaluation
10 of distance education services;
- 11 (6) Compliance with technical standards as set forth
12 by the Nebraska Information Technology Commission and academic
13 standards as set forth by the State Department of Education related
14 to distance education;
- 15 (7) Establishment of a system for prioritizing courses if
16 the demand for Network Nebraska exceeds the capacity available for
17 distance education and for choosing receiving educational entities
18 when the demand for a course exceeds the capacity as determined by
19 either the technology available or the course provider;
- 20 (8) Scheduling and prioritization for access to Network
21 Nebraska by educational entities in cooperation with the Chief
22 Information Officer and using scheduling software or scheduling
23 services which meet any applicable standards established by the
24 commission;
- 25 (9) Administration of learning management systems that

1 are in compliance with any applicable standards of the commission
2 either through the staff of the council or by delegation to an
3 appropriate education entity with the funding for such systems
4 provided by participating educational entities; and

5 (10) Coordination with educational service units and
6 postsecondary educational institutions to provide assistance for
7 instructional design for both two-way interactive video distance
8 education courses and the offering of graduate credit courses in
9 distance education.

10 Sec. 20. The Distance Education Council shall only
11 provide assistance in brokering or scheduling courses to
12 educational entities that have access to Network Nebraska.
13 All costs to the council associated with assisting private,
14 denominational, or parochial schools and private postsecondary
15 educational institutions shall be paid by such private,
16 denominational, or parochial school or private postsecondary
17 educational institution. Any services of the council may also be
18 offered to other public entities with access to Network Nebraska
19 on a contractual basis. The council shall not approve technology
20 purchases for the council in excess of ten thousand dollars
21 without approval of the technical panel of the Nebraska Information
22 Technology Commission that the purchases are in compliance with any
23 applicable commission standards.

24 Sec. 21. (1) For fiscal years 2007-08 through 2013-14,
25 the State Department of Education shall provide distance education

1 equipment reimbursement to school districts and educational service
2 units from the Education Innovation Fund as provided in this
3 section. Such reimbursements shall be for hardware or software
4 purchased after the effective date of this act for use in distance
5 education and shall be limited to a total of twenty thousand
6 dollars through fiscal year 2013-14 for each school district
7 and educational service unit. The reimbursements may include
8 installation costs for such hardware or software. Applications
9 shall be accepted by the department beginning in the first year
10 that the school district or the educational service unit accesses
11 Network Nebraska and ending June 30, 2013. Applications shall be
12 submitted on or before July 1 of each year on a form specified by
13 the department and shall include:

14 (a) A description of the hardware or software purchased
15 and how the hardware or software will be used for distance
16 education;

17 (b) Copies of receipts for the purchases to be
18 reimbursed; and

19 (c) For school districts, a commitment to either send
20 or receive two-way interactive video distance education courses
21 through the Distance Education Council each semester, or the
22 equivalent of two semester courses each year, for four years and
23 to apply for distance education incentives pursuant to section 22
24 of this act or to provide any other evidence required by the
25 department to show that the commitment was met.

1 (2) On or before August 1 of each year, the department
2 shall certify the reimbursements to be paid to each school district
3 or educational service unit on or before September 1 of each year.

4 (3) The department shall use the applications for
5 distance education incentives submitted pursuant to section 22 of
6 this act and any other information requested by the department
7 pursuant to rules and regulations of the department to verify that
8 each school district that received a reimbursement completes the
9 commitment to either send or receive two-way interactive video
10 distance education courses through the Distance Education Council
11 for four years. Any school district failing to complete such
12 commitment shall repay the Education Innovation Fund for the amount
13 of any reimbursements received pursuant to this section. On or
14 before September 1 of each year, the department shall notify any
15 school district failing to complete the commitment for the prior
16 school year that repayment of the reimbursement is required and
17 the amount of such repayment. Repayments shall be due on or before
18 the immediately following December 31. Late repayments shall accrue
19 interest at the rate prescribed in section 45-104.02 from the date
20 of the initial reimbursement.

21 (4) On or before October 1 of each year, a school
22 district or educational service unit may appeal the denial of
23 reimbursements or a school district may appeal the requirement to
24 repay reimbursements to the State Board of Education. The board
25 shall allow a representative of the school district or educational

1 service unit an opportunity to present information concerning the
2 appeal to the board at the November board meeting. If the board
3 finds that the department denied the reimbursement in error, the
4 department shall pay the district or educational service unit from
5 the Education Innovation Fund as soon as practical the amount which
6 was denied in error. If the board finds that the department erred
7 in notifying a school district that a reimbursement is required to
8 be repaid, such notification shall be void.

9 (5) The State Board of Education shall adopt and
10 promulgate rules and regulations to carry out this section.

11 Sec. 22. (1) For fiscal years 2007-08 through 2015-16,
12 the State Department of Education shall provide distance education
13 incentives from the Education Innovation Fund to school districts
14 and educational service units for qualified distance education
15 courses and coordinated through the Distance Education Council as
16 provided in this section.

17 (2) School districts and educational service units shall
18 apply for incentives annually to the department on or before August
19 1 on a form specified by the department. The application shall:

20 (a) For school districts, specify (i) the qualified
21 distance education courses which were received by students in the
22 membership of the district in the then-current school fiscal year
23 and which were not taught by a teacher employed by the school
24 district and (ii) for each such course (A) the number of students
25 in the membership of the district that received the course, (B)

1 the educational entity employing the teacher, and (C) whether the
2 course was a two-way interactive video distance education course;
3 and

4 (b) For school districts and educational service units,
5 specify (i) the qualified distance education courses which were
6 received by students in the membership of another educational
7 entity in the current school fiscal year and which were taught by
8 a teacher employed by the school district or educational service
9 unit, (ii) for each such course for school districts, the number of
10 students in the membership of the district who received the course
11 and (iii) for each such course (A) the other educational entities
12 in which students received the course and how many students
13 received the course at such educational entities, (B) any school
14 districts in the sparse cost grouping or the very sparse cost
15 grouping as described in section 79-1007.02 that had at least one
16 student in the membership who received the course, and (C) whether
17 the course was a two-way interactive video distance education
18 course.

19 (3) On or before September 1 of each year, the department
20 shall certify the incentives to be paid to each school district and
21 educational service unit on or before October 1 of each year. The
22 incentives for each district shall be calculated as follows:

23 (a) Each district shall receive distance education units
24 for each qualified distance education course as follows:

25 (i) One distance education unit for each qualified

1 distance education course received as reported pursuant to
2 subdivision (2)(a) of this section if the course was a two-way
3 interactive video distance education course;

4 (ii) One distance education unit for each qualified
5 distance education course sent as reported pursuant to subdivision
6 (2)(b) of this section if the course was not received by at least
7 one student who was in the membership of another school district
8 which was in the sparse cost grouping or the very sparse cost
9 grouping;

10 (iii) One distance education unit for each qualified
11 distance education course sent as reported pursuant to subdivision
12 (2)(b) of this section if the course was received by at least
13 one student who was in the membership of another school district
14 which was in the sparse cost grouping or the very sparse cost
15 grouping, but the course was not a two-way interactive video
16 distance education course; and

17 (iv) Two distance education units for each qualified
18 distance education course sent as reported pursuant to subdivision
19 (2)(b) of this section if the course was received by at least one
20 student in the membership of another school district in the sparse
21 cost grouping or the very sparse cost grouping and the course was a
22 two-way interactive video distance education course;

23 (b) The difference of the amount available for
24 distribution in the Education Innovation Fund on the August 1 when
25 the applications were due minus any amount to be paid to school

1 districts pursuant to section 21 of this act shall be divided by
2 the number of distance education units to determine the incentive
3 per distance education unit except that the incentive per distance
4 education unit shall not equal an amount greater than one thousand
5 dollars; and

6 (c) The incentives for each school district shall equal
7 the number of distance education units calculated for the school
8 district multiplied by the incentive per distance education unit.

9 (4) The department may verify any or all application
10 information using annual curriculum reports and may request such
11 verification from the Distance Education Council.

12 (5) On or before October 1 of each year, a school
13 district or educational service unit may appeal the denial of
14 incentives for any course by the department to the State Board of
15 Education. The board shall allow a representative of the school
16 district or educational service unit an opportunity to present
17 information concerning the appeal to the board at the November
18 board meeting. If the board finds that the course meets the
19 requirements of this section, the department shall pay the district
20 from the Education Innovation Fund as soon as practical in an
21 amount for which the district or educational service unit should
22 have qualified based on the incentive per distance education unit
23 used in the original certification of incentives pursuant to this
24 section.

25 (6) The State Board of Education shall adopt and

1 promulgate rules and regulations to carry out this section.

2 Sec. 23. Section 79-1325, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 79-1325 The duties and responsibilities of the director
5 of instructional telecommunications include, but are not limited
6 to, the following:

7 (1) To administer the elementary and secondary
8 instructional telecommunications responsibilities as provided by
9 law under the direction of the Commissioner of Education;

10 (2) To act as contract agent for the State Department of
11 Education in instructional telecommunications business;

12 (3) To provide a liaison between the State Department
13 of Education and educational organizations to which instructional
14 telecommunications has application;

15 (4) To consult and cooperate with the Nebraska
16 Educational Telecommunications Commission so as to coordinate
17 in an effective manner the transmission of instructional
18 telecommunications programming to elementary and secondary schools;

19 (5) To consult and cooperate with State Department
20 of Education personnel so as to make the most efficient use
21 of instructional telecommunications within the elementary and
22 secondary curricula and in the improvement of Nebraska education;

23 (6) To provide for the evaluation of the fulfillment of
24 school needs through instructional telecommunications programming;

25 and

1 ~~(7)~~ To assist in the arrangements by which all Nebraska
2 schools would have access to a minimum of two instructional
3 telecommunications services: One through broadcast, such as via
4 a Nebraska educational television network, and another through
5 other telecommunications techniques which provide educational
6 telecommunications programming other than that simulcast by means
7 of the open circuit, and

8 ~~(8)~~ (7) To designate such ad hoc committees as may
9 be needed and to charge these committees with special tasks in
10 carrying out assigned responsibilities.

11 Sec. 24. Section 81-1634, Revised Statutes Cumulative
12 Supplement, 2004, is amended to read:

13 81-1634 Funds received in repayment for energy efficiency
14 loans from the School Weatherization Fund shall be credited to the
15 School Technology Fund until termination of the School Technology
16 Fund pursuant to section 79-1310. Upon termination of the School
17 Technology Fund, funds received in repayment for energy efficiency
18 loans from the School Weatherization Fund shall be credited to
19 the General Fund. For each fiscal year in which there are any
20 outstanding loans, the Legislature shall designate a portion of the
21 funds received in repayment for energy efficiency loans for use by
22 the State Energy Office to cover the actual cost of administering
23 outstanding loans.

24 Sec. 25. Section 86-515, Revised Statutes Cumulative
25 Supplement, 2004, is amended to read:

1 86-515 (1) The Nebraska Information Technology Commission
2 is created. The commission shall consist of ~~nine members, including~~
3 (a) one member representing elementary and secondary education, (b)
4 one member representing postsecondary education, (c) the Governor
5 or his or her designee, (d) one member representing communities,
6 and (e) five members representing the general public who have
7 experience in developing strategic plans and making high-level
8 business decisions. At any time that there is not a member of
9 the Distance Education Council serving on the Nebraska Information
10 Technology Commission, the technical panel established pursuant
11 to section 86-521, or any working groups established pursuant to
12 sections 86-512 to 86-524 that establish, coordinate, or prioritize
13 needs for education, the Governor shall appoint to the commission
14 one member who serves on the Distance Education Council.

15 (2) The Governor or a designee of the Governor shall
16 serve as chairperson of the commission.

17 (3) The members of the commission shall be appointed by
18 the Governor with the approval of a majority of the Legislature.
19 Members of the commission shall serve for terms of four years,
20 except that two members initially appointed to represent the
21 general public shall be appointed for a term of two years and any
22 member appointed to represent the Distance Education Council shall
23 be appointed for a term of one year. Members shall be limited
24 to two consecutive terms. The Governor or his or her designee
25 shall serve on the commission for his or her term. Each member

1 shall serve until the appointment and qualification of his or her
2 successor. In case of a vacancy occurring prior to the expiration
3 of the term of a member, the appointment shall be made only for the
4 remainder of the term.

5 (4) Members shall be reimbursed for their actual and
6 necessary expenses as provided in sections 81-1174 to 81-1177.

7 (5) The commission may employ or designate an executive
8 director to provide administrative and operational support for
9 the commission. The Department of Administrative Services and
10 Nebraska Educational Telecommunications Commission shall assist
11 with administrative and operational support for the Nebraska
12 Information Technology Commission as necessary to carry out its
13 duties.

14 Sec. 26. Section 86-516, Revised Statutes Supplement,
15 2005, is amended to read:

16 86-516 The commission shall:

17 (1) Annually by July 1, adopt policies and procedures
18 used to develop, review, and annually update a statewide technology
19 plan;

20 (2) Create an information technology clearinghouse to
21 identify and share best practices and new developments, as well as
22 identify existing problems and deficiencies;

23 (3) Review and adopt policies to provide incentives for
24 investments in information technology infrastructure services;

25 (4) Determine a broad strategy and objectives for

1 developing and sustaining information technology development in
2 Nebraska, including long-range funding strategies, research and
3 development investment, support and maintenance requirements, and
4 system usage and assessment guidelines;

5 (5) Adopt guidelines regarding project planning and
6 management, information sharing, and administrative and technical
7 review procedures involving state-owned or state-supported
8 technology and infrastructure. Governmental entities, state
9 agencies, and political subdivisions shall submit projects
10 which directly utilize state-appropriated funds for information
11 technology purposes to the process established by sections 86-512
12 to 86-524. Governmental entities and political subdivisions may
13 submit other projects involving information technology to the
14 commission for comment, review, and recommendations;

15 (6) Adopt minimum technical standards, guidelines, and
16 architectures upon recommendation by the technical panel;

17 (7) Establish ad hoc technical advisory groups to study
18 and make recommendations on specific topics, including workgroups
19 to establish, coordinate, and prioritize needs for education, local
20 communities, and state agencies;

21 (8) By November 15 of each even-numbered year, make
22 recommendations on technology investments to the Governor and the
23 Legislature, including a prioritized list of projects, reviewed
24 by the technical panel, for which new or additional funding is
25 requested;

1 (9) Approve grants from the Community Technology Fund and
2 Government Technology Collaboration Fund; ~~and~~

3 (10) Adopt schedules and procedures for reporting needs,
4 priorities, and recommended projects; and -

5 (11) Assist the Chief Information Officer in developing
6 and maintaining Network Nebraska pursuant to section 28 of this
7 act.

8 Sec. 27. Section 86-520, Revised Statutes Cumulative
9 Supplement, 2004, is amended to read:

10 86-520 The Chief Information Officer shall:

11 (1) Maintain, in cooperation with the Department of
12 Administrative Services, an inventory of ~~noneducation~~ state
13 government technology assets, including hardware, applications, and
14 data bases;

15 (2) Recommend policies and guidelines for acceptable and
16 cost-effective use of information technology in ~~noneducation~~ state
17 government;

18 (3) Advise the Governor and Legislature on policy issues
19 affecting ~~noneducation~~ state government related to information
20 technology;

21 (4) Coordinate efforts among other ~~noneducation~~ state
22 government technology agencies and coordinating bodies;

23 (5) Implement a strategic, tactical, and project planning
24 process for ~~noneducation~~ state government information technology
25 that is linked to the budget process;

1 (6) Assist the budget division of the Department
2 of Administrative Services and Legislative Fiscal Analyst in
3 evaluating technology-related budget requests;

4 (7) Work with each governmental department and
5 ~~noneducation~~ state agency to evaluate and act upon opportunities
6 to more efficiently and effectively deliver government services
7 through the use of information technology;

8 (8) Recommend to the Governor and Legislature methods for
9 improving the organization and management of data by ~~noneducation~~
10 agencies to achieve the goals of making information sharable and
11 reusable, eliminating redundancy of data and programs, improving
12 the quality and usefulness of data, and improving access to data,
13 and implement such recommendations as the Governor or Legislature
14 may direct;

15 (9) Monitor the status of major ~~noneducation~~ state
16 government technology projects;

17 (10) Establish and maintain Network Nebraska pursuant to
18 section 28 of this act;

19 (11) Bid for telecomputing and distance education
20 equipment pursuant to section 79-1233;

21 (12) Administer such funds as may be appropriated to the
22 Chief Information Officer by the Legislature; and

23 ~~(11)~~ (13) Complete other tasks as assigned by the
24 Governor.

25 Sec. 28. The Chief Information Officer, in cooperation

1 with the University of Nebraska, shall develop and maintain a
2 statewide, multipurpose, high capacity, scalable telecommunications
3 network to be called Network Nebraska. The network shall consist
4 of contractual arrangements with providers to meet the demand
5 of state agencies, local governments, and educational entities,
6 as defined in section 18 of this act. Such network shall
7 provide access to a reliable and affordable infrastructure capable
8 of carrying a spectrum of services and applications, including
9 distance education, across the state. The Chief Information Officer
10 shall provide access to each school district, each educational
11 service unit, each community college, each state college, and
12 the University of Nebraska at the earliest feasible date and
13 no later than July 1, 2012. Access may be provided through
14 educational service units or other aggregation points. The Chief
15 Information Officer shall aggregate demand for those state agencies
16 and educational entities choosing to participate and shall reduce
17 costs for participants whenever feasible. The Chief Information
18 Officer shall establish a cost structure based on actual costs plus
19 administrative expenses and shall charge participants according to
20 such cost structure.

21 Sec. 29. Original sections 79-761, 79-1018.01, 79-1204,
22 79-1223, 79-1233, 79-1241.01, 79-1241.02, 79-1243, 79-1302,
23 79-1303, 79-1304, and 79-1325, Reissue Revised Statutes of
24 Nebraska, sections 9-812, 81-1634, 86-515, and 86-520, Revised
25 Statutes Cumulative Supplement, 2004, and sections 79-1003,

LB 1208

LB 1208

1 79-1007.02, 79-1028, and 86-516, Revised Statutes Supplement, 2005,
2 are repealed.

3 Sec. 30. The following sections are outright repealed:
4 Sections 79-8,132, 79-8,133, 79-8,134, 79-8,135, 79-8,136,
5 79-8,137, 79-8,138, 79-8,139, 79-8,140, 79-1301, 79-1305, 79-1306,
6 79-1307, 79-1310, and 79-1328, Reissue Revised Statutes of
7 Nebraska, and sections 79-1329 and 79-1330, Revised Statutes
8 Supplement, 2005.